



CENTRALE BANK VAN ARUBA

ONLY VIA E-MAIL

October 27, 2022

To the Managements of all regulated financial institutions
and designated non-financial service providers

VMI/lcw/2.46/INT/10931

Subject: FATF Public Statement on High-Risk Jurisdictions subject to a Call for Action / FATF Public Statement on Jurisdictions under Increased Monitoring

Dear Managements,

The purpose of this letter is to draw your urgent attention to:

- a. FATF Public Statement on High-Risk Jurisdictions subject to a Call for Action of October 21, 2022 (enclosure 1) and of February 21, 2020 (enclosure 2)

With regard to the **Democratic People's Republic of Korea** and **Iran**, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing risks emanating from these countries.

Furthermore, given the continued lack of progress and the majority of its action items still not addressed after a year beyond the action plan deadline, **Myanmar** has also entered the FATF's high risk jurisdictions list. The FATF calls on all members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from the jurisdiction in relation to business relations and transactions with Myanmar.

- b. FATF Public Statement on Jurisdictions under Increased Monitoring of October 21, 2022 (enclosure 3)

The FATF has identified **Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, the Democratic Republic of Congo, Gibraltar, Haiti, Jamaica, Jordan, Mali, Morocco, Mozambique, Panama, Philippines, Senegal, South Sudan, Syria, Tanzania, Turkey, Uganda, United Arab Emirates** and **Yemen** as jurisdictions that have strategic AML/CFT deficiencies. The information included in enclosure 4 must be included in your risk analysis when conducting transactions with persons or companies established in these jurisdictions.

For completeness sake, note that **Nicaragua** and **Pakistan** have been removed from FATF's list of jurisdictions under increased monitoring.

REQUIRED ACTIONS

The Centrale Bank van Aruba requires all regulated entities and designated non-financial service providers to take duly notice of the information contained in the enclosures, as well as of the required follow-up actions that need to be taken.

Further details and the actions you must take are outlined in enclosure 4. The relevant regulatory framework is enclosed for your convenience (enclosure 5).

If you have any questions or comments regarding this letter, please contact Ms. Vasilena Ivanova, Policy Officer of the Integrity Supervision Department at telephone number (+297) 525-2227 or by email v.ivanova@cbaruba.org.

Sincerely yours,



Centrale Bank van Aruba

Enclosures: 5

cc Head of the Financial Intelligence Unit

High-Risk Jurisdictions subject to a Call for Action – 21 October 2022

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High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and, in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the “black list”.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures

Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for Iran and DPRK, given that they are already subject to the FATF’s call for countermeasures. Therefore, please refer to the statement on these jurisdictions adopted in 21 February 2020. While the statement may not necessarily reflect the most recent status of Iran and the Democratic People’s Republic of Korea’s AML/CFT regimes, the FATF’s call to apply countermeasures^[1] on these high-risk jurisdictions remains in effect.

Democratic People’s Republic of Korea (DPRK) [unchanged since February 2020]

The FATF remains concerned by the DPRK’s failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threats they pose to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. Further, the FATF has serious concerns with the threat posed by the DPRK’s illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/TF/PF) risks emanating from the DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC resolutions.

Iran [unchanged since February 2020]

In June 2016, Iran committed to address its strategic deficiencies. Iran’s action plan expired in January 2018. In February 2020, the FATF noted Iran has not completed the action plan.^[2]

In October 2019, the FATF called upon its members and urged all jurisdictions to: require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

Now, given Iran’s failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, the FATF fully lifts the suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.^[3]

Iran will remain on the FATF statement on [High Risk Jurisdictions Subject to a Call for Action] until the full Action Plan has been completed. If Iran ratifies the Palermo and Terrorist Financing Conventions, in line with the FATF standards, the FATF will decide on next steps, including whether to suspend countermeasures. Until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

Jurisdiction subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction

Myanmar

In February 2020, Myanmar committed to address its strategic deficiencies. Myanmar’s action plan expired in September 2021.

In June 2022, the FATF strongly urged Myanmar to swiftly complete its action plan by October 2022 or the FATF would call on its members and urge all jurisdictions to apply enhanced due diligence to business relations and transactions with Myanmar. Given the continued lack of progress and the majority of its action items still not addressed after a year beyond the action plan deadline, the FATF decided that further action was necessary in line with its procedures and FATF calls on its members and other jurisdictions to apply

enhanced due diligence measures proportionate to the risk arising from Myanmar. When applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted.

Myanmar should continue to work on implementing its action plan to address these deficiencies, including by: (1) demonstrating an improved understanding of ML risks in key areas; (2) demonstrating that on-site/offsite inspections are risk-based, and hundi operators are registered and supervised; (3) demonstrating enhanced use of financial intelligence in LEA investigations, and increasing operational analysis and disseminations by the FIU; (4) ensuring that ML is investigated/prosecuted in line with risks; (5) demonstrating investigation of transnational ML cases with international cooperation; (6) demonstrating an increase in the freezing/seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value; (7) managing seized assets to preserve the value of seized goods until confiscation; and (8) demonstrating implementation of targeted financial sanctions related to PF.

The FATF urges Myanmar to work to fully address its AML/CFT deficiencies and Myanmar will remain on the list of countries subject to a call for action until its full action plan is completed.

[1] [The Interpretative Note to Recommendation 19](#) specifies examples of the countermeasures that could be undertaken by countries.

[2] In June 2016, the FATF welcomed Iran's high-level political commitment to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. Since 2016, Iran established a cash declaration regime, enacted amendments to its Counter-Terrorist Financing Act and its Anti-Money Laundering Act, and adopted an AML by-law.

In February 2020, the FATF noted that there are still items not completed and Iran should fully address: (1) adequately criminalizing terrorist financing, including by removing the exemption for designated groups "attempting to end foreign occupation, colonialism and racism"; (2) identifying and freezing terrorist assets in line with the relevant United Nations Security Council resolutions; (3) ensuring an adequate and enforceable customer due diligence regime; (4) demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers; (5) ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance; and (6) ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information.

[3] Countries should be able to apply appropriate countermeasures when called upon to do so by the FATF. Countries should also be able to apply countermeasures independently of any call by the FATF to do so. Such countermeasures should be effective and proportionate to the risks.

More on:

- [High-Risk Jurisdictions subject to a Call for Action – 21 February 2020 for DPRK and Iran](#)
- [Jurisdictions under Increased Monitoring - October 2022](#)
- [Outcomes October 2022](#)

[< High-risk and other monitored jurisdictions](#)

High-Risk Jurisdictions subject to a Call for Action – 21 February 2020

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High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the “black list”. *

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threats they pose to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. Further, the FATF has serious concerns with the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/TF/PF) risks emanating from the DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC resolutions.

Iran

In June 2016, Iran committed to address its strategic deficiencies. Iran's action plan expired in January 2018. In February 2020, the FATF noted Iran has not completed the action plan.[1]

In October 2019, the FATF called upon its members and urged all jurisdictions to: require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

Now, given Iran's failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, the FATF fully lifts the suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.[2]

Iran will remain on the FATF statement on [High Risk Jurisdictions Subject to a Call for Action] until the full Action Plan has been completed. If Iran ratifies the Palermo and Terrorist Financing Conventions, in line with the FATF standards, the FATF will decide on next steps, including whether to suspend countermeasures. Until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

[1] In June 2016, the FATF welcomed Iran's high-level political commitment to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. Since 2016, Iran established a cash declaration regime, enacted amendments to its Counter-Terrorist Financing Act and its Anti-Money Laundering Act, and adopted an AML by-law.

In February 2020, the FATF noted that there are still items not completed and Iran should fully address: (1) adequately criminalizing terrorist financing, including by removing the exemption for designated groups “attempting to end foreign occupation, colonialism and racism”; (2) identifying and freezing terrorist assets in line with the relevant United Nations Security Council resolutions; (3) ensuring an adequate and enforceable customer due diligence regime; (4) demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers; (5) ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance; and (6) ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information.

[2] Countries should be able to apply appropriate countermeasures when called upon to do so by the FATF. Countries should also be able to apply countermeasures independently of any call by the FATF to do so. Such countermeasures should be effective and proportionate to the risks.

The Interpretative Note to Recommendation 19 specifies examples of the countermeasures that could be undertaken by countries.

* This statement was previously called "Public Statement"

- Jurisdictions under Increased Monitoring - February 2020
- Outcomes FATF Plenary Paris, 19-21 February 2020

◀ High-risk and other monitored jurisdictions

Jurisdictions under Increased Monitoring - 21 October 2022

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Paris, 21 October 2022 - Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the “grey list”.

The FATF and FATF-style regional bodies (FSRBs) continue to work with the jurisdictions below as they report on the progress achieved in addressing their strategic deficiencies. The FATF calls on these jurisdictions to complete their action plans expeditiously and within the agreed timeframes. The FATF welcomes their commitment and will closely monitor their progress. The FATF does not call for the application of enhanced due diligence measures to be applied to these jurisdictions. The FATF Standards do not envisage de-risking, or cutting-off entire classes of customers, but call for the application of a risk-based approach. Therefore, the FATF encourages its members and all jurisdictions to take into account the information presented below in their risk analysis.

The FATF identifies additional jurisdictions, on an on-going basis, that have strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. A number of jurisdictions have not yet been reviewed by the FATF or their FSRBs, but will be in due course.

Since the start of the COVID-19 pandemic, the FATF has provided some flexibility to jurisdictions not facing immediate deadlines to report progress on a voluntary basis. The following countries had their progress reviewed by the FATF since June 2022: Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Haiti, Jamaica, Jordan, Mali, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Türkiye, UAE, and Uganda. For these countries, updated statements are provided below. Gibraltar chose to defer reporting; thus, the statement issued in June 2022 for that jurisdiction is included below, but it may not necessarily reflect the most recent status of the jurisdiction’s AML/CFT regime. Following review, the FATF now also identifies the Democratic Republic of the Congo, Mozambique, and Tanzania.

The FATF welcomes the progress made by these countries in combating money laundering and terrorist financing, despite the challenges posed by COVID-19.

Jurisdictions with strategic deficiencies

[Albania](#)
[Barbados](#)
[Burkina Faso](#)
[Cambodia](#)
[Cayman Islands](#)
[Democratic Republic of the Congo](#)
[Gibraltar](#)
[Haiti](#)
[Jamaica](#)
[Jordan](#)
[Mali](#)
[Morocco](#)
[Mozambique](#)
[Panama](#)
[Philippines](#)
[Senegal](#)
[South Sudan](#)
[Syria](#)
[Tanzania](#)
[Türkiye](#)
[Uganda](#)
[United Arab Emirates](#)
[Yemen](#)

Jurisdiction no longer subject to increased monitoring

[Nicaragua](#)
[Pakistan](#)

Albania

Since February 2020, when Albania made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime, Albania has taken steps towards improving its AML/CFT regime, including by enacting an adequate legal framework for violations of company and NPO registration obligations and implementing proportionate and dissuasive sanctions against entities that failed to declare their beneficial owners in the registry by the deadline. Albania should continue to work on implementing its action plan to address its strategic deficiencies, including by increasing the number of money laundering indictments that it brings to court for prosecution.

The FATF expresses concern that Albania failed to complete its action plan, which fully expired in February 2022. The FATF strongly urges Albania to swiftly demonstrate significant progress in completing its action plan by February 2023 or the FATF will consider next steps if there is insufficient progress.

Additionally, the FATF expresses concern that Albania's plans for a possible Voluntary Tax Compliance (VTC) programme do not comply with the FATF's principles for managing the AML/CFT implications of VTCs or FATF's best practices for such programmes. Albania should revise its draft VTC law and work with MONEYVAL to ensure that any VTC law passed or implemented has adequate safeguards to prevent the potential for abuse of the programme for money laundering or terrorist financing purposes.

Barbados

Since February 2020, when Barbados made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime, Barbados has taken steps towards improving its AML/CFT regime, including by demonstrating the ability to enforce breaches of BO requirements, strengthening the relationship between the FIU and LEAs, improving the ML database, and demonstrating progress in the investigation, seizure and forfeiture of cash and assets. Barbados should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) taking appropriate measures to prevent legal persons and arrangements from being misused for criminal purposes, and ensuring that accurate and up-to-date basic and beneficial ownership information is available on a timely basis; (2) demonstrating that ML investigations and prosecutions are in line with the country's risk profile; (3) further pursuing confiscation in ML cases, including by repatriating or sharing confiscated assets with other countries.

The FATF urges Barbados to swiftly complete its action plan as all deadlines have now expired and to address the above-mentioned strategic deficiencies by February 2023.

Burkina Faso

Since February 2021, when Burkina Faso made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime, Burkina Faso has taken steps towards improving its AML/CFT regime, including by strengthening its efforts to pursue confiscation as a policy objective. Burkina Faso should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) updating its understanding of ML/TF risks, including through the revision of the national risk assessment in line with the sectoral priorities identified in its national strategy; (2) seeking mutual legal assistance (MLA) and other forms of international cooperation in line with its risk profile; (3) strengthening of resource capacities of all AML/CFT supervisory authorities and implementing risk based supervision of FIs and DNFBPs; (4) maintaining comprehensive and updated basic and beneficial ownership information and strengthening the system of sanctions for violations of transparency obligations; (5) increasing the diversity of STR reporting; (6) enhancing the resources of the FIU to provide additional capacity building and training to FIs, DNFBPs and the investigative and judicial authorities; (7) conduct training for LEAs, prosecutors and other relevant authorities; (8) enhancing capacity and support for LEAs and prosecutorial authorities involved in combatting TF, in line with the TF National Strategy; and (9) implementing an effective targeted financial sanctions regime related to TF and PF as well as risk-based monitoring and supervision of NPOs.

Cambodia

In February 2019, Cambodia made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime. At its October 2022 Plenary, the FATF made the initial determination that Cambodia has substantially completed its action plan and warrants an on-site visit to verify that the implementation of Cambodia's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation and improvement in the future. Cambodia has made a number of key reforms, including to improve: (1) MLA law and providing training on MLA to prosecutors and judges; (2) risk-based supervision for FIs and DNFBPs; (3) the legal framework on preventive measures and conducting outreach to the casino, real-estate and MVTs sectors; (4) the quality and quantity of FIU disseminations, demonstrating an increase in ML investigations in line with risk; (5) its effectiveness in asset confiscation; and (6) establishing a legal framework for implementing UN sanctions related to targeted financial sanctions for PF and providing training to strengthen the skills of competent authorities to implement TFS for PF. The FATF will continue to monitor the COVID-19 situation and conduct an on-site visit at the earliest possible date.

The Cayman Islands

Since February 2021, when the Cayman Islands made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime, the Cayman Islands has taken steps towards improving its AML/CFT regime, including by imposing adequate and effective sanctions in cases where relevant parties (including legal persons) do not file accurate, adequate and up-to-date beneficial ownership information in line with those requirements. The Cayman Islands should continue to work on implementing its action plan to address its strategic deficiencies, including by demonstrating that they are prosecuting all types of money laundering cases in line with the jurisdiction's risk profile and that such prosecutions are resulting in the application of dissuasive, effective, and proportionate sanctions.

The FATF urges the Cayman Islands to swiftly complete its action plan as all deadlines have now expired and to address the above-mentioned strategic deficiency by February 2023.

The Democratic Republic of the Congo

In October 2022, the DRC made a high-level political commitment to work with the FATF and GABAC to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in October 2020, the DRC has made progress on some of the MER's recommended actions including making confiscation of proceeds of crime a policy priority. The DRC will work to implement its FATF action plan by: (1) finalising the NRA on ML and TF and adopting an AML/CFT national strategy; (2) designating supervisory authorities for all DNFBP sectors, and developing and implementing a risk-based supervision plan; (3) adequately resourcing the FIU, and build its capacity to conduct operational and strategic analysis; (4) strengthening the capabilities of authorities involved in the investigation and prosecution of ML and TF; and (5) demonstrating effective implementation of TF and PF-related TFS.

Gibraltar

(Statement from June 2022)

In June 2022, Gibraltar made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in December 2019, Gibraltar has made progress on a significant number of its MER's recommended actions, such as completing a new national risk assessment, addressing the technical deficiencies in relation to BO-related record keeping, introducing transparency requirements for nominee shareholders and directors, strengthening the financial intelligence unit, and refining its ML investigation policy in line with risks, Gibraltar should work on implementing its action plan, including by: (1) ensuring that supervisory authorities for non-bank financial institutions and DNFbps use a range of effective, proportionate, and dissuasive sanctions for AML/CFT breaches; and (2) demonstrating that it is more actively and successfully pursuing final confiscation judgements, through criminal or civil proceedings based on financial investigations.

Haiti

In June 2021, Haiti made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Haiti should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) completing its ML/TF risk assessment process and disseminating the findings; (2) facilitating information sharing with relevant foreign counterparts; (3) addressing the technical deficiencies in its legal and regulatory framework that impede the implementation of AML/CFT preventive measures and implementing risk-based AML/CFT supervision for all financial institutions and DNFbps deemed to constitute a higher ML/TF risk; (4) ensuring basic and beneficial ownership information are maintained and accessible in a timely manner; (5) ensuring a better use of financial intelligence and other relevant information by competent authorities for combatting ML and TF; (6) addressing the technical deficiencies in its ML offence and demonstrating authorities are identifying, investigating and prosecuting ML cases in a manner consistent with Haiti's risk profile; (7) demonstrating an increase of identification, tracing and recovery of proceeds of crimes; (8) addressing the technical deficiencies in its TF offence and targeted financial sanctions regime; and (9) conducting appropriate risk-based monitoring of NPOs vulnerable to TF abuse without disrupting or discouraging legitimate NPO activities.

Jamaica

In February 2020, Jamaica made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Jamaica should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) including all FIs and DNFbps in the AML/CFT regime and ensuring adequate, risk-based supervision in all sectors; (2) taking appropriate measures to prevent legal persons and arrangements from being misused for criminal purposes, and ensuring that accurate and up-to-date basic and beneficial ownership information is available on a timely basis to competent authorities; and (3) implementing a risk-based approach for supervision of the NPO sector to prevent abuse for TF purposes.

The FATF expresses concern that Jamaica failed to complete its action plan, which fully expired in January 2022. The FATF strongly urges Jamaica to swiftly demonstrate significant progress in completing its action plan by February 2023 or the FATF will consider next steps if there is insufficient progress.

Jordan

Since October 2021, when Jordan made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime. Jordan has taken steps towards improving its AML/CFT regime, including by strengthening its legal and operational TF-related TFS framework, increasing capacity for risk-based DNFBP supervision, making basic and beneficial ownership information accessible by competent authorities, maintaining statistics on ML investigations and prosecution and strengthening its legal framework with respect to confiscation. Jordan should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) completing and disseminating the ML/TF risk assessments of legal persons and virtual assets; (2) Improving risk based supervision and applying effective, proportionate, and dissuasive sanctions for noncompliance; (3) Conducting training and awareness raising programs for DNFbps on their AML/CFT obligations, particularly with regard to filing and submitting STRS; (4) Maintaining comprehensive and updated basic and beneficial ownership information on legal persons and legal arrangements; (5) Pursuing money laundering investigations and prosecutions, including through parallel financial investigations, for predicate offences in line with the risk identified in the NRA; (6) Monitoring and effectively supervising the compliance of FIs and DNFbps with TFS obligations; and (7) Developing and implementing a risk-based approach for supervision of the NPO sector to prevent abuse for TF purposes.

Mali

In October 2021, Mali made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime. Mali should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) implementing the national strategic AML/CFT action plan in line with the NRA; (2) developing and starting to implement a risk based approach for the AML/CFT supervision of all FIs and higher risk DNFbps and demonstrating effective, proportionate and dissuasive sanctions for noncompliance; (3) conducting a comprehensive assessment of ML/TF risks associated with all types of legal persons; (4) increasing the capacity of the FIU and the LEAs and enhancing their cooperation on the use of financial intelligence; (5) ensuring relevant competent authorities are involved in investigation and prosecution of ML; (6) strengthening the capacities of relevant authorities responsible for investigation and prosecution of TF cases; (7) establishing a legal framework and procedures to implement TFS related to TF and PF; and (8) implementing a risk-based approach for supervision of the NPO sector to prevent abuse for TF purposes.

Morocco

In February 2021, Morocco made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime. At its October 2022 plenary, the FATF has made the initial determination that Morocco has substantially completed its action plan and warrants an on-site assessment to verify that the implementation of Morocco's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future. Morocco has made the following key reforms, including: (1) improving risk-based supervision and taking remedial actions and applying effective, proportionate and dissuasive sanctions for non-compliance; (2) strengthening its TFS framework and monitoring FIs and DNFBP's compliance with TFS obligations; (3) undertaking and sharing the results of the risk assessment on the misuse of all types of legal persons with the private sector and the competent authorities; (4) increasing the diversity of suspicious transactions reporting; and (5) establishing asset seizing and confiscation procedures.

The FATF will continue to monitor the COVID-19 situation and conduct an on-site visit at the earliest possible date.

Mozambique

In October 2022, Mozambique made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in April 2021, Mozambique has made progress on some of the MER's recommended actions to improve its system including by finalising its NRA and strengthening its asset confiscation efforts. Mozambique will work to implement its FATF action plan by: (1) ensuring cooperation and coordination amongst relevant authorities to implement risk-based AML/CFT strategies and policies; (2) conducting training for all LEAs on mutual legal assistance to enhance the gathering of evidence or seizure/confiscation of proceeds of crime; (3) providing adequate financial and human resources to supervisors, developing and implementing a risk-based supervision plan; (4) providing adequate resources to the authorities to commence the collection of adequate, accurate and up-to-date beneficial ownership information of legal persons; (5) increasing the human resources of the FIU as well as increasing financial intelligence sent to authorities; (6) demonstrating LEAs capability to effectively investigate ML/TF cases using financial intelligence; (7) conducting a comprehensive TF Risk Assessment and begin implementing a comprehensive national CFT strategy; (8) increasing awareness on TF and PF-related TFS; and (9) carrying out the TF risk assessment for NPOs in line with the FATF Standards and using it as a basis to develop an outreach plan.

Panama

Since June 2019, when Panama made a high-level political commitment to work with the FATF and GAFILAT to strengthen the effectiveness of its AML/CFT regime, Panama has taken important steps towards improving its AML/CFT regime, including by ensuring effective, proportionate, and dissuasive sanctions in response to AML/CFT violations. However, Panama should continue to take urgent action to fully address remaining measures in its action plan as all timelines have already expired in January 2021. Panama should therefore continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) ensuring adequate verification, of up-to-date beneficial ownership information by obliged entities and timely access by competent authorities, establishing effective mechanisms to monitor the activities of offshore entities, and further implementing the specific measures to prevent the misuse of nominee shareholders and directors; and (2) demonstrating its ability to investigate and prosecute ML involving foreign tax crimes.

The FATF again expresses significant concern that Panama failed to complete its action plan, which fully expired in January 2021. The FATF strongly urges Panama to swiftly complete its action plan by February 2023 or the FATF will consider calling on its members and urging all jurisdictions to apply enhanced due diligence to business relations and transactions with Panama.

Philippines

Since June 2021, when the Philippines made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime, the Philippines has taken steps towards improving its AML/CFT regime, including by demonstrating that appropriate measures are being taken with respect to the NPO sector and implementing supervision for targeted financial sanctions. The Philippines should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) demonstrating that effective risk-based supervision of DNFBPs is occurring; (2) demonstrating that supervisors are using AML/CFT controls to mitigate risks associated with casino junkies; (3) enhancing and streamlining LEA access to BO information and taking steps to ensure that BO information is accurate and up-to-date; (4) demonstrating an increase in the use of financial intelligence and an increase in ML investigations and prosecutions in line with risk; (5) demonstrating an increase in the identification, investigation and prosecution of TF cases; and (6) enhancing the effectiveness of the targeted financial sanctions framework for both TF and PF by demonstrating that DNFBPs understand their obligations.

Senegal

Since February 2021, when Senegal made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime, Senegal has taken steps towards improving its AML/CFT regime, including by ensuring consistent understanding of ML/TF risks across relevant authorities through training and outreach, and seeking MLA and other forms of international cooperation. Senegal should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) improving compliance by detecting AML/CFT violations and imposing effective, proportionate and dissuasive sanctions against non-compliant entities; (2) updating and maintaining comprehensive beneficial ownership information on legal persons and arrangements and strengthening the system of sanctions for violations of transparency obligations; (3) strengthening the authorities understanding of TF risks and enhancing capacity and support for LEAs and prosecutorial authorities involved in combatting TF in line with the 2019 TF National Strategy; and (4) implementing an effective TFS regime related to TF and PF as well as risk-based monitoring and supervision of NPOs.

The FATF notes Senegal's continued progress across its action plan, however all deadlines have now expired and work remains. The FATF encourages Senegal to continue to implement its action plan to address the above-mentioned strategic deficiencies as soon as possible.

South Sudan

In June 2021, South Sudan made a high-level political commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime. South Sudan became a member of ESAAMLG in September 2022 and committed to undergo a mutual evaluation. South Sudan should continue to work to implement its action plan, including by: (1) conducting a comprehensive review of the AML/CFT Act (2012), with the support of international partners, including technical assistance, to comply with the FATF Standards; (2) becoming a party to and fully implementing the 1988 Vienna Convention, the 2000 Palermo Convention, and the 1999 Terrorist Financing Convention; (3) ensuring that competent authorities are suitably structured and capacitated to implement a risk-based approach to AML/CFT supervision for financial institutions; (4) developing a comprehensive legal framework to collect and verify the accuracy of beneficial ownership information for legal persons; (5) operationalising a fully functioning and independent FIU; (6) establishing and implementing the legal and institutional framework to implement targeted financial sanctions in compliance with United Nations Security Council Resolutions on terrorism and WMD proliferation financing; and (7) commencing implementation of targeted risk-based supervision/monitoring of NPOs at risk of TF abuse.

The FATF notes South Sudan's limited progress across its action plan. The FATF again encourages South Sudan to continue to demonstrate its strong political and institutional commitment to strengthen the effectiveness of its AML/CFT regime, particularly in supporting the lead AML/CFT agency in coordinating national AML/CFT efforts.

Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

Tanzania

In October 2022, Tanzania made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in April 2021, Tanzania has made progress on some of the MER's recommended actions to improve its system including by developing legal framework for TF and TFS and disseminating FIU strategic analysis. Tanzania will work to implement its FATF action plan by: (1) improving risk-based supervision of FIs and DNFbps, including by conducting inspections on a risk-sensitive basis and applying effective, proportionate, and dissuasive sanctions for non-compliance; (2) demonstrating authorities' capability to effectively conduct a range of investigations and prosecutions of ML in line with the country's risk profile; (3) demonstrating that LEAs are taking measures to identify, trace, seize, and confiscate proceeds and instrumentalities of crime; (4) conducting a comprehensive TF Risk Assessment and begin implementing a comprehensive national CFT strategy as well as demonstrating capability to conduct TF investigations and pursue prosecutions in line with the country's risk profile; (5) increasing awareness of the private sector and competent authorities on TF and PF-related TFS; and (6) carrying out the TF risk assessment for NPOs in line with the FATF Standards and using it as a basis to develop an outreach plan.

Türkiye

Since October 2021, when Türkiye made a high-level political commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime, Türkiye has taken further steps towards improving its AML/CFT regime, including by increasing the human resources at the FIU to conduct analysis and pursuing a number of domestic designations under UNSCR 1373 to target terrorist financing in line with Türkiye's risk profile. Türkiye should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) increasing on-site inspections by supervisors across all sectors, commensurate with risk; (2) enhancing the use of financial intelligence to support ML investigations and increasing proactive disseminations by the FIU; (3) undertaking more complex money laundering investigations and prosecutions; (4) setting out clear responsibilities and measurable performance objectives and metrics for the authorities responsible for recovering criminal assets and pursuing terrorism financing cases and using statistics to update risk assessments and inform policy; (5) conducting more financial investigations in terrorism cases, prioritising TF investigations and prosecutions related to UN-designated groups, and ensuring TF investigations are extended to identify financing and support networks; (6) concerning targeted financial sanctions, pursuing outgoing requests to third-countries related to UN-designated groups, in line with Türkiye's risk profile; and (7) to fully implement a risk-based approach to supervision of non-profit organisations to prevent their abuse for terrorist financing, taking steps to ensure that audits conducted are risk-based, that supervision does not disrupt or discourage legitimate NPO activity such as fundraising, and that sanctions applied are proportionate to any violations.

The FATF continues to monitor Türkiye's oversight of the NPO sector. Türkiye is urged to demonstrate the implementation of the risk-based approach to supervision of NPOs in line with the FATF Standards

Uganda

Since February 2020, when Uganda made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime, Uganda demonstrated progress, including completing the ML/TF risk assessment of legal persons and arrangements. Uganda should continue to work to implement its action plan to address its strategic deficiencies, including by: (1) developing and implementing risk-based supervision of FIs and DNFBS; (2) ensuring that competent authorities have timely access to accurate basic and beneficial ownership information for legal entities; (3) demonstrating LEAs and judicial authorities apply the ML offence consistent with the identified risks; (4) establishing and implementing policies and procedures for identifying, tracing, seizing and confiscating proceeds and instrumentalities of crime; and (5) addressing the technical deficiencies in the legal framework to implement PF-related targeted financial sanctions. The FATF continues to monitor Uganda's oversight of the NPO sector to encourage the application of the risk-based approach to supervision of NPOs in line with the FATF Standards and mitigate unintended consequences.

The FATF strongly urges Uganda to swiftly implement its action plan to address the above-mentioned strategic deficiencies as soon as possible as all deadlines expired in May 2022.

The United Arab Emirates

Since February 2022, when the United Arab Emirates (UAE) made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime, the UAE demonstrated positive progress, including by providing additional resources to the FIU to strengthen the FIU analysis and provide financial intelligence to LEAs and the Public Prosecutors for combating of high-risk ML threats.

The UAE should continue to work to implement its FATF action plan by: (1) demonstrating through case studies and statistics a sustained increase in outbound MLA requests to help facilitate investigation of TF, ML, and high-risk predicates; (2) enhancing and maintaining a shared understanding of the ML/TF risks between the different DNFBS sectors and institutions; (3) showing an increase in the number and quality of STRs filed by FIs and DNFBS; (4) ensuring a more granular understanding of the risk of abuse of legal persons and, where applicable, legal arrangements, for ML/TF; (5) demonstrate greater use of financial intelligence to pursue high-risk ML threats; and demonstrating a sustained increase in effective investigations and prosecutions of different types of ML cases consistent with UAE's risk profile; and (6) proactively identifying and combating sanctions evasion, including by demonstrating a better understanding of sanctions evasion among the private sector.

Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Yemen had substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing procedures to identify and freeze terrorist assets; (3) improving its customer due diligence and suspicious transaction reporting requirements; (4) issuing guidance; (5) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and (6) establishing a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

Jurisdictions No Longer Subject to Increased Monitoring by the FATF

Nicaragua

The FATF notes Nicaragua's progress in improving the elements of its AML/CFT regime covered by its action plan. Nicaragua has addressed technical deficiencies to meet the commitments of its action plan regarding strategic deficiencies in the areas that the FATF identified in February 2020. Nicaragua is therefore no longer subject to the FATF's increased monitoring process.

However, the FATF is strongly concerned by the potential misapplication of the FATF Standards resulting in the suppression of Nicaragua's non-profit sector. Nicaragua should continue to work with GAFILAT to improve further its AML/CFT regime, including by ensuring its oversight of NPOs is risk-based and in line with the FATF Standards. Nicaragua is strongly encouraged to continue cooperating with GAFILAT on this issue.

Pakistan

The FATF welcomes Pakistan's significant progress in improving its AML/CFT regime. Pakistan has strengthened the effectiveness of its AML/CFT regime and addressed technical deficiencies to meet the commitments of its action plans regarding strategic deficiencies that the FATF identified in June 2018 and June 2021, the latter of which was completed in advance of the deadlines, encompassing 34 action items in total. Pakistan is therefore no longer subject to the FATF's increased monitoring process.

Pakistan will continue to work with APG to further improve its AML/CFT system.

More on:

- Outcomes Plenary October 2022
- High-Risk Jurisdictions subject to a Call for Action - October 2022

ENCLOSURE 4: FATF Public Statements (October 21, 2022)

The FATF Public Statement on High-Risk Jurisdictions subject to a Call for Action dated October 21, 2022 (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2022.html>) and the FATF Public Statement on Jurisdictions under Increased Monitoring dated October 21, 2022 (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.html>) relate to FATF Recommendation 19 and articles 11 and 13 of the amended State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (AB 2011 no.28) (AML/CFT State Ordinance) in that they identify countries that fall into the following two categories:

A. FATF Public Statement on High-Risk Jurisdictions subject to a Call for Action

Category One

Into this category falls the **Democratic People's Republic of Korea (DPRK)**. The FATF reaffirms its call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with DPRK, including DPRK¹ companies and financial institutions, and those acting on their behalf. In addition to enhanced scrutiny, the FATF calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions to protect their financial sectors from money laundering, financing of terrorism and weapons of mass destruction proliferation financing (ML/FT/PF) risks emanating from DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representatives offices of DPRK banks within their territories and terminate correspondent relations with DPRK banks, where required by relevant UNSC resolutions.

Category Two

Into this category falls **Iran**. The FATF calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19.

Category Three

Into this category falls **Myanmar**. Taking into consideration Myanmar's continued lack of progress and the majority of its action items still not addressed after a year beyond the action plan deadline,² the FATF calls on members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from the jurisdiction in relation to business relations and transactions with Myanmar. In applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted.

B. FATF Public Statement on Jurisdictions under Increased Monitoring

Category Four

Into this category fall **Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, the Democratic Republic of Congo, Gibraltar, Haiti, Jamaica, Jordan, Mali, Morocco, Mozambique, Panama, Philippines, Senegal, South Sudan, Syria, Tanzania, Turkey, Uganda, United Arab Emirates and Yemen**. This FATF Statement

¹ Please note that with regard to DPRK, the FATF reaffirms its February 25, 2011 call on its members and urges to advise their financial institutions to give special attention to business relationships and transactions with DPRK companies and financial institutions.

² Myanmar's action plan expired in September 2021. In June 2022, the FATF strongly urged Myanmar to swiftly complete its action plan by October 2022 or the FATF would call on its members and urge all jurisdictions to apply enhanced due diligence to business relations and transactions with Myanmar.

outlines the specific areas of weaknesses and requests member jurisdictions to consider the information in the document.

C. Required Action

The purpose of this letter is to ensure that senior management of all regulated entities and designated non-financial service providers is informed of these important issues and to request that it emphasizes the importance of this communication to its compliance officer and inform its management team of the risks associated with business involving these jurisdictions.

In addition to this important awareness raising, the CBA requires that **all regulated entities take the following specific actions** with regard to the following four categories of FATF listed countries:

Category One Action – the CBA requires all regulated entities and designated non-financial service providers to:

- a) Conduct review of their client base on an ongoing basis to identify relationships or transactions with any connection to the Category One countries.
- b) **Report such relationships or transactions to the CBA immediately.**
- c) Any relationship or transaction found must be rated ultra-high risk and may only be continued if the regulated entity is satisfied it can monitor and mitigate the risks associated with such business. If the regulated entity is not satisfied the relationship must be exited.
- d) Document its risk assessment and monitoring/mitigation strategy and have this document available should the CBA wish to evaluate it.
- e) Record the progress of compliance with this action (or otherwise) in the board minutes.

All regulated entities and designated non-financial service providers are required to strictly comply with aforementioned instructions. The CBA will verify during the supervisory examinations whether this is done. Note in this respect that non-compliance will be treated very seriously.

Categories Two and Three Action – the CBA requires all regulated entities and designated non-financial service providers to:

- a) **Review their client base to identify relationships or transactions with any connection to the Category Two country by November 28, 2022.**
- b) Any relationship or transaction found must be rated at least high risk, taking this new or other information held into account.
- c) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.
- d) Record the progress of compliance with this action (or otherwise) in the board minutes.

DEADLINE: Please conclude the review of your client base by **November 28, 2022.** It is not necessary to send the results of your findings to the CBA. However, supervisory examinations by the CBA are likely to check that the work has been carried out within the stipulated time-frame. Non-compliance will be treated seriously.

Category Four Action – the CBA requires all regulated entities to:

- a) Review their client base to identify relationships or transactions with any connection to the Category Four countries by **December 30, 2022.**
- b) Re-evaluate its risk assessment of the relationship taking this new and any other information held into account.
- c) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.

d) Record the progress of compliance with this action (or otherwise) in the board minutes.

DEADLINE: Please conclude the review of your client base by December 30, 2022. It is not necessary to send the results of your findings to the CBA. However, supervisory examinations by the CBA are likely to check that the work has been carried out within the stipulated time-frame. Non-compliance will be treated seriously.

ENCLOSURE 5: Regulatory framework

Pursuant to article 11 of amended the AML/CFT State Ordinance, service providers must perform enhanced customer due diligence, if and when a business relationship or a transaction by its nature carries a higher risk of money laundering, terrorist financing or proliferation financing. The enhanced customer due diligence shall be carried out both prior to the business relation being established or the transaction being carried out, as during the business relationship in any case with natural persons, legal persons, trusts, and legal structures that originate from countries or jurisdictions which do not or insufficiently apply the internationally accepted standards for the prevention and combating of money laundering, terrorist financing and proliferation financing, including in the case of complex and unusually large transactions and unusual transaction features that have no apparent economic or legal purpose.

Pursuant to article 13, paragraph 1, subsection a, of the amended AML/CFT State Ordinance, service providers must perform enhanced customer due diligence, in proportion to the risk, in the case of business relationships and transactions with natural persons, legal persons, corporations, trusts or other legal structures originating from countries or jurisdictions that do not or insufficiently comply with the internationally accepted standards for the prevention and combating of money laundering, terrorist financing, and proliferation financing.

Pursuant to article 13, paragraph 1, subsection b, of the amended AML/CFT State Ordinance, service providers must perform enhanced customer due diligence, in proportion to the risk, in the case of complex and unusually large transactions and unusual transaction features that have no apparent economic or legal purpose.

Pursuant to article 13, paragraph 2, of the amended AML/CFT State Ordinance, service providers may reasonably suspect that a transaction with a natural person, legal person, corporation, trust or other legal structure originating from a country or jurisdiction as referred to in the first paragraph does not have an apparent economic or legal purpose, or if a transaction referred to in the first paragraph, letter b, should occur, it must investigate the background and the purpose of this transaction and record its findings in writing.

Pursuant to article 13, paragraph 3, of the amended AML/CFT State Ordinance, the findings, referred to in the second paragraph, must be kept for at least ten years.

Article 13 of the AML/CFT State Ordinance is related to Recommendation 19 of the Financial Action Task Force (FATF)³ which states:

“Financial institutions should be required to apply enhanced due diligence measures to business relationships and transactions with natural and legal persons, and financial institutions, from countries for which this is called for by the FATF. The type of enhanced due diligence measures applied should be effective and proportionate to the risks. Countries should be able to apply appropriate countermeasures when called upon to do so by the FATF. Countries should also be able to apply countermeasures independently of any call by the FATF to do so. Such countermeasures should be effective and proportionate to the risks”.

Furthermore, pursuant to chapter 5, section 5.3, subsection 5.3.2, of the AML/CFT Handbook, it is a regulatory requirement that service providers must treat countries and jurisdictions listed in the FATF statements (circulated by the CBA), which highlight jurisdictions which do not or insufficiently, apply the FATF Recommendations or which are the subject of international countermeasures, as countries and jurisdictions that do not or insufficiently apply the internationally accepted AML/CFT standards.

³ FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation* (“FATF Recommendations”), Paris, France (updated March 2022), available at: www.fatf-gafi.org/recommendations.html.

Pursuant to chapter 6, section 6.1, subsection 6.1.2, of the AML/CFT Handbook, it is a regulatory requirement that service providers must, as part of its ongoing customer due diligence (CDD) procedures, establish appropriate customer activity and transaction monitoring procedures that scrutinize the activity and transactions of its customers. The monitoring procedures must include those, amongst others, which provide for the identification and scrutiny of business relationships and transactions connected with jurisdictions which do not or insufficiently comply with the international AML/CFT standards, including but not limited to the FATF Recommendations.

Pursuant to chapter 8, section 8.1, subsection 8.1.2, of the AML/CFT Handbook, it is a regulatory requirement that service providers must keep adequate and orderly records containing the findings of reviews of activity and transactions connected with jurisdictions which do not, or insufficiently, apply the FATF Recommendations for a period of at least ten years from the date the business relationship ends, or, if in relation to an occasional transaction, for at least ten years from the date that the transaction was completed.

